



INDUSTRY CIRCULAR

Regulatory Enforcement
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**DEPARTMENT OF
THE TREASURY**
Bureau of Alcohol, Tobacco and Firearms
Washington, D.C. 20226
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TAX-EXEMPT STATEMENT TO BE SHOWN ON PACKAGES OF CIGARS AND CIGARETTES REMOVED FOR EXPORT

Manufacturers of Tobacco Products,
Proprietors of Export Warehouses
and Others Concerned:

Purpose. The purpose of this circular is to advise the industry members that an ATF Ruling will be published in an early issue of the ATF Bulletin to provide guidance to manufacturers of tobacco products for marking packages of tax-exempt cigars and cigarettes removed for export without payment of tax. Please examine your supply of tax-exempt labels and packaging materials for compliance with the ruling. The ruling will read substantially as follows:

Questions have been raised whether packages of tax-exempt cigars and cigarettes removed for export may be placed inside packages made of nontransparent plastic material and whether the markings denoting tax-exempt status as now shown on packages of cigars and cigarettes for export are adequate within the intent of 26 CFR 290.185.

26 U.S.C. 5723(b) provides that every package of tobacco products or cigarette papers or tubes shall, before removal from the tobacco factory, bear the marks, labels, notices, and stamps, if any, that the Secretary or his delegate by regulation prescribes.

26 CFR 290.185 provides that every package of cigars or cigarettes shall, before removal from the factory for export without payment of tax, have adequately imprinted thereon, or on a label securely affixed thereto, the words "Tax-exempt. For use outside U.S.", or the words "U.S. Tax-exempt. For use outside U.S.", except where a stamp, sticker, or notice, required by a foreign country or a possession of the United States, which identifies such country or possession, is so imprinted or affixed.

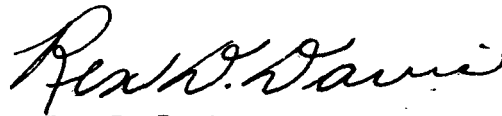
It is the intent of law and regulations that the marks, labels, notices, etc., on packages of tax-exempt cigars and cigarettes for use outside the United States be visible and of such size as to be readily discernible to the purchaser and distinct from all other markings on the package and that such markings, etc., be readily distinguishable from packages of taxpaid cigars and cigarettes for domestic consumption.

Held, packages of cigars or cigarettes for export will be considered adequately marked if the tax-exempt statement printed on the package, or on a label attached thereto, is visible from outside the package, is printed in type equivalent to 6-point News Gothic Bold caps on a contrasting background, and is separate and apart from other descriptive statements. Held further, if for any reason a package will not permit the above-described printing and spacing, such package shall be submitted to the Director, Alcohol, Tobacco and Firearms for a determination as to required markings.

Revenue Ruling 66-134, C.B. 1966-1, 350 (Internal Revenue), is superseded.

NOTE: It is recognized that time will be required to make necessary changes in packaging materials to conform with the requirements of ATF Ruling 74-23. Therefore, a period of one year from date of this publication is permitted for use-up of the inventory of stickers, labels, and packaging materials on hand.

Inquiries. Inquiries regarding this circular should refer to its number and be addressed to your Regional Director, Bureau of Alcohol, Tobacco and Firearms.



Rex D. Davis
Director

Department of the Treasury
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